No. 80-314

Supreme Court, U. S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

FACTORS ETC., INC.,

Petitioner,

vs.

MEMPHIS DEVELOPMENT FOUNDATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Supreme Court should issue a writ of certiorari to review a decision of the Sixth Circuit interpreting Tennessee law with respect to the non-descendibility of the exclusive right to use one's name and likeness?

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MEMPHIS DEVELOPMENT FOUNDATION,

Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent, Memphis Development Foundation ("Foundation"), respectfully prays that this Court deny the petition of Factors Etc., Inc. ("Factors") for a writ of certiorari to review the judgment of the United States Court of Appeals for the Sixth Circuit entered in this proceeding on March 6, 1980, reversing the judgment of the United States District Court for the Western District of Tennessee, entered on March 8, 1979, permanently enjoining Respondent from reproducing miniature replicas of a statue of Elvis Presley in connection with Respondent's non-profit fund-raising efforts to build a memorial to the late Elvis Presley in his home town, Memphis, Tennessee.

OPINIONS BELOW AND JURISDICTION

Respondent adopts Petitioner's statement regarding Opinions Below and Jurisdiction.

CONSTITUTIONAL PROVISIONS INVOLVED

None.

STATEMENT OF THE CASE

On August 18, 1977, two days after Elvis Presley's death, Boxcar Enterprises, Inc. ("Boxcar"), a Tennessee corporation and a vehicle used by Elvis Presley and his manager, Tom Parker, for commercial purposes, and Vernon Presley, representing Elvis Presley's estate, purported to license to the defendant, Factors, the exclusive right to the commercial use of the name and the likeness of Elvis Presley, in connection with the manufacture, sale, advertising and distribution of all merchandise bearing said name and likeness. Factors paid Boxcar $100,000.00 on execution of the agreement against a guaranteed payment of $150,000.00 App. 10a. This agreement was negotiated and executed, in whole or in part, within the state of Tennessee, and was, by its terms, to be construed in accordance with the laws of the state of Tennessee.

The purported license agreement provided that Factors would acquire all the rights of Boxcar "to use all available legal or equitable measures, whether by actions, suits, proceedings, settlements or otherwise," to prevent purported infringements or imitations by potential competitors. Shortly after the death of Presley the Memphis Development Foundation ("Foundation"), a non-profit corporation, began its project to build a statue as a memorial to the city's most famous inhabitant. It contracted with a sculptor to design the statue and embarked on a project to raise funds for construction of the statue. The fund-raising efforts included distribution of eight-inch replicas of the statue to donors of at least $25.00. App. 9a. When Factors learned of these efforts, it notified the Foundation that it had the exclusive right to use the name and likeness of Elvis Presley and demanded that the Foundation refrain from the distribution of statuettes as part of its fund-raising project. App. 10a. Factors took various actions to prevent the distribution of statuettes by the Foundation, including interference with the Foundation's placement of advertisements in a national publication.

The Foundation filed an action for a declaratory judgment on September 12, 1977, seeking an order from the district court declaring that the Foundation had a right to distribute to its

donors miniature replicas of a statue which it intended to build in Memphis in honor of the late Elvis Presley. App. 2a. Factors counterclaimed against the Foundation and sought an injunction prohibiting the Foundation from competing with Factors' sale of statuettes of Elvis Presley (see App. 10a) and thereby appropriating Factor's "exclusive" right to reap commercial value from the name and likeness of Elvis Presley. App. 2a.

Prior to his death, Presley had conveyed the exclusive right to exploit the commercial value of his name and likeness to Boxcar in exchange for royalties. App.2a. Foundation has contended that there was no specific exploitation of Elvis Presley's name and likeness on any statue or statuette during Presley's lifetime, and that any descendible commercial rights should not extend to those areas not actually utilized or exploited during his lifetime. App. 33a. The district court held that it did not have to reach this issue because it was satisfied from the evidence that there was a "determined effort" by Presley and others to control "the use to [sic] and right of exploitation and commercialization and publicity with regard to the Presley name, picture, image, likeness and personality, a very broad scale thing." App. 33a. Accordingly, Factors' position depends upon its claim to a general, exclusive and descendible right to the use of the name and likeness of Elvis Presley and not upon any specific exploitation of the name and likeness of Elvis Presley in statues or statuettes prior to the Foundation's announced project.

The district court granted a permanent injunction in favor of Factors after a hearing on a motion for summary judgment. App. 35a.

On appeal, the United States Court of Appeals for the Sixth Circuit reversed the decision of the lower court. 616 F. 2d 956, App. 1a. In a decision written by the Honorable Gilbert Merritt, the court held that the lower court erred in interpreting Tennessee law and that the right to the exclusive use of one's name and likeness terminates at death. Factors has petitioned this Court for a review of that decision.

REASONS FOR DENYING THE WRIT

This case is one involving the proper determination of a novel question of Tennessee law. Factors, in its petition for a

writ of certiorari, contends that this novel question should have been interpreted along lines suggested by various New York courts in recent decisions. It asserts that denial of recognition of a descendible property interest in one's name and likeness constitutes a "taking" by the Sixth Circuit Court of Appeals in violation of the Fifth Amendment to the Constitution. It further contends that the Sixth Circuit misinterpreted First Amendment requirements in support of its decision and that the decision itself is in conflict with decisions of the Second Circuit interpreting New York law on the same subject. At the heart of this argument is Factors' contention that non-uniform treatment of the property interest in one's name and likeness by the various states causes hardship to entertainers and other celebrities in the exploitation of their names and likenesses and discourages appropriate exploitation of such property interests.

Factors' arguments are designed to circumvent the doctrine of *Erie Railroad Co. v. Tompkins*, 304 U.S. 64 (1938), which prohibits the adoption of uniform federal common law. Moreover, as will be demonstrated in this Brief, the decisions of several New York courts establishing descendibility of the exclusive use of one's name and likeness, upon which Factors relies, are based upon unique facts and circumstances regarding New York law which make application of that law inappropriate and unnecessary in the state of Tennessee.

I.

The Sixth Circuit Court of Appeals Properly Interpreted Tennessee Law to the Effect That the Exclusive Right to Use One's Name And Likeness Is Personal and Non-Descendible

The Court of Appeals rightly determined that Tennessee courts have not addressed this issue directly or indirectly. App. 4a. In the absence of state decisions setting forth the state rule, the federal court must attempt to predict the ruling which a state court faced with the question would make. *Carr v. American Universal Insurance Co.*, 341 F.2d 220 (6th Cir. 1965).

In so doing, the court should adopt the prevailing rule of law and not strain to adopt a novel or minority legal theory. *Werthan Bag Corp. v. Agnew*, 202 F.2d (6th Cir. 1953).

The right to exploit one's name and likeness for commercial purposes has traditionally been viewed as one of the four branches of the right of privacy. Prosser, *Handbook of the Law of Torts*, 832 (3d ed. 1964); *The Restatement of Torts 2d* (Tentative Draft No. 13, 1967) §652. Where the plaintiff is one who has a commercial interest in making his name and likeness public, some courts have termed this particular intrusion upon the plaintiff's right of privacy as a violation of the plaintiff's "right of publicity." *Zacchini v. Scripps-Howard Broadcasting Co.*, 47 Ohio St.2d 224, 351 N.E.2d 454 (1976), *rev'd on other grounds*, 97 S.Ct. 2849, 433 U.S. 562, 53 L.Ed.2d 965 (1977). However, the use of the term "right of publicity" in connection with the right of an individual to control the commercial exploitation of his name does not, in itself, invest this right with all the characteristics traditionally associated with property, but rather conveys the idea that the individual has an exclusive right in his name which has a pecuniary value and is proprietary in that he can capitalize upon this right by licensing others to use his name and likeness. *Motschenbacher v. R.J. Reynolds Tobacco Co.*, 498 F.2d 821 (9th Cir. 1974).

In the instant case, Factors has asserted that because this right has been characterized in some cases as "property," it is therefore invested with all the characteristics of property, including descendibility. However, the characterization of the right of an individual to use his own name and likeness as a "proprietary right" or as "property" does not operate to turn name and likeness into descendible property separate from the right of the individual to exploit them.

A majority of the cases which have dealt with this subject have held that the right to the exclusive use of one's name and likeness is not descendible. *Maritote v. Desilu Productions, Inc.*, 345 F.2d 418 (7th Cir. 1965) (applying Illinois law); *Miller v. Commissioner of Internal Revenue*, 299 F.2d 706 (2d Cir. 1962) (New York law); *Runyon, Jr. v. U.S.*, 281 F.2d 590 (5th Cir. 1960) (New York law); *Lugosi v. Universal Pictures*, 25 Cal. 3d 813, 160 Cal. Rptr. 323, 603 P.2d 425 (1979) (California law); *Guglielmi v. Spelling-Goldberg Productions*, 140 Cal. Rptr, 775 (Cal. App. 1977) (California law); *James v. Screen Gems, Inc.*,

174 Cal. App. 2d 650,344 P.2d 799 (Cal. App. 1959) (California law); *Schumann v. Loew's, Inc.*, 135 N.Y.S.2d 361 (Sup.Ct. 1954) (New York law).

In conflict with these cases there are three cases all relatively recent and all originating in the United States District Court for the Southern District of New York. *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836 (S.D.N.Y. 1975); *Factors Etc., Inc., v. Creative Card Co.*, 444 F.Supp. 279 (S.D.N.Y. 1977) and *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F.Supp.288 (S.D.N.Y. 1977), *aff'd*, 579 F.2d 215 (2d Cir. 1978), *cert denied*, 440 U.S. 908 (1979).

The Sixth Circuit Court of Appeals entertained the possibility that Tennessee courts would recognize a new, descendible and exclusive right to exploit one's name and likeness, but properly weighed the competing policy arguments relating to the recognition of such a right, and properly concluded that such a rule would be more disruptive of society's goals and expectations than denial of such a right. Among other things the Court concluded, as expressed in Judge Merritt's decision, that recognition of such rights would create a "whole set of practical problems of judicial line drawing." 616 F.2d at 959, App. 5a. The District Court anticipated such problems but chose to ignore rather than to deal with them. App. 32a-33a.

In its petition, Factors contends that the Sixth Circuit Court of Appeals overlooked important decisions of the Tennessee courts relating to property interests in the name and likeness of an individual. Specifically, Factors referred to *Robinson v. Robinson's Inc.*, 9 Tenn. App. 103 (1928). The *Robinson* case did not focus on the right of an individual to the exclusive use of his name and likeness. Instead, it held that a corporation may not adopt as its own corporate name a name similar to the trade name of a person or concern already engaged in a similar business, where the use of that name will have the effect of deceiving the public. The use over a long period of time of the name "Robinson's" as the name of a drug store was held to have created a trade name or "goodwill," the right to which could descend to the heir to the business. However, that right was not established as an outgrowth of any alleged right to the exclusive use of one's name and likeness, but rather to the right to be free from unfair competition in practices aimed at appropriating the business advantage of another.

The California Supreme Court, in *Lugosi v. Universal Pictures, supra*, has skillfully explained the difference between recognition of a descendible right to the exclusive use of one's name and likeness, and recognition of rights such as those described in *Robinson*. The California Court held that use of an individual's name in connection with a particular product or service can create a "secondary meaning" in the exploited item which is separate and apart from the name and likeness of the individual. For example, John Hancock Mutual Life Insurance Company has an identity independent of John Hancock. The fact that the John Hancock trade name is descendible in connection with the insurance company does not mean that the heirs of John Hancock can prevent the use of his name and likeness in perpetuity in previously unexploited ways.

II.

The Decision of the Sixth Circuit Does Not Conflict With That of the Second Circuit Because It Interprets Tennessee Not New York Law

As previously discussed, three cases arising out of the Southern District of New York have held that there is a descendible "right of publicity". Those decisions, including the decision of the Second Circuit in *Factors Etc., Inc. v. Pro Arts, Inc.* 579 F.2d 215 (2d Cir. 1978), *cert. denied.* 440 U.S. 908 (1979), purport to interpret New York Law.

The decision of the Second Circuit, together with the other lower court decisions in the Southern District of New York, must be viewed as aberrations in the development of the law of privacy. In interpreting the scope of the rights attendant upon the individual's name and likeness, the Southern District of New York and the Second Circuit are clearly in conflict with the decisions of other courts, including that of the Second Circuit itself in *Miller v. Commissioner, supra.* In the instant case there is no doubt (and there is no dispute) that the Sixth Circuit Court of Appeals was bound by the law of the state of Tennessee. Moreover, the peculiar configuration of the law in New York regarding the right of privacy and the right of publicity makes application of that law, or cases construing that law, clearly inappropriate in construing the law in Tennessee.

The Court of Appeals of New York established as early as 1902 that New York has no common law right of privacy. *Roberson v. Rochester Folding Box Co.*, 171 N.Y. 538, 64 N.E. 442 (59 L.R.A. 478) (1902). In response to the *Rochester Folding Box* decision, the New York legislature passed a statute establishing certain privacy rights. N.Y. Civil Rights Law §51 (McKinney 1948). But this statutory right has been narrowly construed (apparently because the companion section, N.Y. Civil Rights Law §50 (McKinney 1948), is a criminal provision) to give an individual a right of action only for injury to his feelings resulting from the connection of his name or picture to a particular product, thereby using his name or picture for advertising or trade purposes. *Gautier v. Pro-Football, Inc.*, 304 N.Y. 354, 107 N.E.2d 485 (1952); *Ettore v. Philco Television Broadcasting Corporation*, 229 F.2d 481 (3rd Cir. 1956). The New York federal courts have attempted to avoid the seemingly unjust decision of *Gautier*, in which an animal trainer was not allowed recovery under the statute for the unauthorized broadcast of his performance, because the entire program did not constitute a solicitation of patronage so as to bring him within the coverage of the statute. The Second Circuit in *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.,), *cert. denied*, 346 U.S. 816 (1953), did so by suggesting the existence of a "right of publicity," ignoring the *Gautier* and *Roberson* decisions. This was necessary in order to permit recovery apparently because the right granted under the New York statute was personal and not assignable. 202 F.2d 866, 868. The District Court for the Southern District of New York in *Price v. Hal Roach Studios, supra*, and in *Factors v. Creative Card, supra*, and *Factors v. Pro Arts, supra*, and the Second Circuit in *Pro Arts*, have elaborated on the distinction without a difference enunciated by the *Haelan* court, and emphasized the "property" aspects of the "right of publicity" in order to distinguish it from a right of privacy. In so doing, without any precedential support but through a mere play on words, they have attached new attributes to the right to exploit name and likeness, including descendibility. See also, *dictum* in *Lombardo v. Doyle, Dane & Bernbach, Inc.*, 58 A.D.2d 620, 621, 396 N.Y.S.2d 661, 664 (1977). Cf. *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc. supra*, which emphasizes the immateriality of characterizing the right to the exclusive use of one's name and likeness as a "property right."

However, in *Current Audio, Inc. v. RCA Corporation*, 71 Misc. 2d. 831, 337 N.Y.S. 949 (1972), a case which, ironically, involved the use of the name and likeness of Elvis Presley prior to his death , a New York state court has given the "right of publicity" a much more restricted formulation than the one created by the Southern District. In *Current Audio*, the RCA Corporation sought a temporary injunction against the publication of a multi-media magazine containing a phonograph recording of a press conference given by Elvis Presley shortly before his appearance in a series of concerts at Madison Square Garden in June of 1972. In denying RCA's claim that such publication would constitute an infringement upon its exclusive rights to manufacture and sell recordings by Elvis Presley and to use Elvis Presley's name and likeness in connection with advertising of said recordings, the Supreme Court of New York County held the "right of publicity" enunciated in the *Haelan Laboratories* case was "a collateral outgrowth of the 'law of privacy,'" and a "positive recognition of the pecuniary value which attaches to the names and pictures of public figures... and the right of such people to this financial benefit." 337 N.Y.S.2d at 954.

There are compelling policy reasons behind the decisions of a majority of courts that this right to exploit one's identity must terminate at death. Permitting this right to survive would force courts to decide to whom the right to exploit should pass, how long it should survive, and what type of exploitation could be comprehended within the right. The creation of a descendible right and the decisions as to its scope are not appropriate for the judicial process, but rather are the province of the legislature. As the Ninth Circuit said in *Maritote v. Desilu Productions, Inc., supra*, in holding that the commercial appropriation of a deceased person's name and likeness does not give rise to a cause of action for invasion of privacy:

> If the law is to be otherwise, it should be attained by legislative enactments....This court has and makes no pretense to having any lawmaking power. 345 F.2d 418, 420.

In short, by far the largest number of courts which have dealt with this subject have rejected the idea that there exists a common law "right of publicity" which is separate and apart from a right of privacy and which is descendible. The three

relatively recent cases in the Southern District of New York which are in conflict with these decisions can be distinguished as arising out of the peculiar statutory history of that state and the fact that New York courts have not recognized a common law right of privacy, and these decisions should be disregarded in any event as judicial attempts to legislate a new kind of property right.

The intellectual bootstrapping of the United States District Court for the Southern District of New York and the Court of Appeals for the Second Circuit is unnecessary in states such as Tennessee which recognize the common law right of privacy. See *Cordell v. Detective Publications, Inc.*, 419 F.2d 989 (6th Cir. 1969). In these states the right to exploit one's name and likeness is adequately protected.

III.

The Court of Appeals Neither Relied Upon the First Amendment to Deny the Right Asserted by Petitioner Nor Did It, in Denying Such Right, Deprive Petitioner of Any First Amendment Guarantees

By distorting a single sentence in the Circuit Court's opinion, Factors attempts to transform a decision construing state law into a First Amendment decision. Neither the petitioner nor the respondent laid serious claim to First Amendment protections in the proceedings below; and the only reference to the First Amendment in the opinion of the Court of Appeals was in cataloging the numerous problems of judicial line-drawing which would arise *in future cases*, should the courts recognize the inheritability of the right asserted by petitioner in the instant case:

> How long would the "property" interest last? In perpetuity? For a term of years? Is the right of publicity taxable? At what point does the right collide with the right of free expression guaranteed by the first amendment? Does the right apply to elected officials and military heroes whose fame was gained on the public payroll, as well as to movie stars, singers and athletes? Does the right cover

> posters or engraved likenesses of, for example, Farah Fawcett Majors or Mahatma Gandhi, kitchen utensils ("Revere Ware"), insurance ("John Hancock"), electric utilities ("Edison"), a football stadium ("RFK"), a pastry ("Napoleon"), or the innumerable urban subdivisions and apartment complexes named after famous people? 616 F.2d 956, 959, App. 5a-6a.

In its opinion excerpted above, the Court of Appeals was not grounding its decision on constitutional doctrine. Instead, it was pointing out, by apt illustrations, why it would be inappropriate for courts to create a new and descendible right under state law which, by its own definition, would have no self-limited aspects — the same conclusion reached fifteen years earlier by the Ninth Circuit in *Maritote v. Desilu Productions, Inc., supra.* If such a right is to be created, it should be done by legislative enactment, with appropriate limitations such as exist under our copyright laws. For a court to refuse to indulge in such lawmaking is neither to deny First Amendment protection to one seeking such right, nor to use the First Amendment as a basis for disparaging such right. It is, instead, simply a court's recognition of the proper and time-honored separation of the judicial and legislative function.

IV.

The Sixth Circuit Decision Does Not Constitute a "Taking" Under the Fifth Amendment to the Constitution Because There Was No Property Right in Tennessee upon which Factors Could Rightfully Depend

Factors makes much of the fact that it paid $100,000 to $150,000 for the "exclusive right" to exploit the name and likeness of Elvis Presley after his death. But the fact that money was paid for asserted rights does not in itself create rights. The court in *Miller* rejected the argument of the plaintiff that the payment by Universal Pictures Company to Mrs. Glenn Miller of $409,336.34 for similar "rights" demonstrated the sale of a "property right." The court noted that many things can be sold, such as time and experience, which are not

property, and which are not inheritable. Here, said the court, what was bought was not "property" but freedom from the fear that a new theory of "property" might be advanced. The business judgment of Universal in making this payment was not at fault, suggested the court in a footnote particularly applicable to the case at bar:

> One must remember that, the techniques of advertising and promotion being what they are, timing is very important and a successful motion for preliminary injunction made by one who claims a "property right" might be as disastrous as a final award for damages. One can easily find wisdom in this payment by Universal without finding that it paid for "property." 299 F.2d 706, 710 n. 8.

The court held that the beneficiaries of the estate of Glenn Miller did not receive by descent any capitalizable property "in the name, reputation, right of publicity, right of privacy or public image of the deceased." 299 F.2d 706, 711.

CONCLUSION

Factors has attempted to elevate a question of state law to the level of a constitutional question by asserting that the decision of the Sixth Circuit has a substantial social and pecuniary impact, infringing on Factors' First and Fifth Amendment rights. The Foundation, had the decision gone the other way, could have made an equally sound case for review of the decision on similar grounds, because the logic of Factors' argument mandates Supreme Court review of every decision which denies rights being asserted by one party or the other under state law.

The decision of the Sixth Circuit was based upon a balanced weighing of appropriate public policy interests and a realistic anticipation of the result that would be reached by the Tennessee Supreme Court. It is consistent both with the majority of opinions from other jurisdictions on this subject and with commonly held expectations. It is not in conflict with decisions of other circuits, does not depart from the accepted and usual course of judicial proceedings, and is not the type of decision that should be reviewed by this Court on a petition for writ of certiorari. Rule 19 (1) (b), U.S. Sup.Ct.

For the foregoing reasons, Memphis Development Foundation prays that this Court deny Factors' petition for a writ of certiorari.

Respectfully submitted,

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